

House Study Bill 588 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON LUNDGREN)

A BILL FOR

1 An Act relating to fire insurance policies and to appraisals of
2 insured losses, and including applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 515.109, subsection 6, paragraph a, Code
2 2022, is amended to read as follows:

3 a. The form of the standard policy (with permission to
4 substitute for the word "company" a more accurate descriptive
5 term for the type of insurer) shall be as follows:

6 FIRST PAGE OF STANDARD FIRE POLICY

7 No. ...

8 (Space for insertion of name of company or companies issuing
9 the policy and other matter permitted to be stated at the head
10 of the policy.)

11 (Space for listing amounts of insurance, rates and premiums
12 for the basic coverages insured under the standard form of
13 policy and for additional coverages or perils insured under
14 endorsements attached.)

15 IN CONSIDERATION OF THE PROVISIONS AND STIPULATIONS HEREIN
16 OR ADDED HERETO AND OF DOLLARS PREMIUM this company,
17 for the term of from the day of (month),
18 (year), to the day of (month),
19 (year), at noon, Standard Time, at location of property
20 involved, to an amount not exceeding Dollars, does
21 insure and legal representatives, to the extent of
22 the actual cash value of the property at the time of loss,
23 but not exceeding the amount which it would cost to repair or
24 replace the property with material of like kind and quality
25 within a reasonable time after such loss, without allowance for
26 any increased cost of repair or reconstruction by reason of any
27 ordinance or law regulating construction or repair, and without
28 compensation for loss resulting from interruption of business
29 or manufacture, nor in any event for more than the interest of
30 the insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND BY
31 REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST
32 IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property
33 described hereinafter while located or contained as described
34 in this policy, or pro rata for five days at each proper place
35 to which any of the property shall necessarily be removed for

1 preservation from the perils insured against in this policy,
2 but not elsewhere.

3 Assignment of this policy shall not be valid except with
4 the written consent of this company. This policy is made and
5 accepted subject to the foregoing provisions and stipulations
6 and those hereinafter stated, which are hereby made a part of
7 this policy, together with such other provisions, stipulations
8 and agreements as may be added hereto, as provided in this
9 policy.

10 IN WITNESS WHEREOF, this company has executed and attested
11 these presents.

12

13 Secretary.

.....

President.

14 SECOND PAGE OF STANDARD FIRE POLICY

15 *Concealment — fraud.* This entire policy shall be void
16 if, whether before or after a loss, an insured has willfully
17 concealed or misrepresented any material fact or circumstance
18 concerning this insurance or the subject thereof, or the
19 interest of an insured therein, or in case of any fraud or
20 false swearing by an insured relating thereto.

21 *Uninsurable and excepted property.* This policy shall not
22 cover accounts, bills, currency, deeds, evidences of debt,
23 money or securities; nor, unless specifically named hereon in
24 writing, bullion or manuscripts.

25 *Perils not included.* This company shall not be liable for
26 loss by fire or other perils insured against in this policy
27 caused, directly or indirectly, by: (a) Enemy attack by armed
28 forces, including action taken by military, naval or air forces
29 in resisting an actual or an immediately impending enemy
30 attack; (b) invasion; (c) insurrection; (d) rebellion; (e)
31 revolution; (f) civil war; (g) usurped power; (h) order of any
32 civil authority except acts of destruction at the time of and
33 for the purpose of preventing the spread of fire, provided that
34 such fire did not originate from any of the perils excluded by
35 this policy; (i) neglect of an insured to use all reasonable

1 means to save and preserve the property at and after a loss,
2 or when the property is endangered by fire in neighboring
3 premises; (j) nor shall this company be liable for loss by
4 theft.

5 *Other insurance.* Other insurance may be prohibited or the
6 amount of insurance may be limited by endorsement attached
7 hereto.

8 *Conditions suspending or restricting insurance.* Unless
9 otherwise provided in writing added hereto this company shall
10 not be liable for loss occurring under any of the following
11 circumstances:

12 [a] While the hazard is created or increased by any means
13 within the control or knowledge of an insured.

14 [b] While a described building, whether intended for
15 occupancy by owner or tenant, is vacant or unoccupied beyond a
16 period of sixty consecutive days.

17 [c] As a result of explosion or riot, unless fire ensue, and
18 in that event for loss by fire only.

19 *Other perils or subjects.* Any other peril to be insured
20 against or subject of insurance to be covered in this policy
21 shall be by endorsement in writing hereon or added hereto.

22 *Added provisions.* The extent of the application of insurance
23 under this policy and of the contribution to be made by this
24 company in case of loss, and any other provision or agreement
25 not inconsistent with the provisions of this policy, may be
26 provided for in writing added hereto, but no provision may be
27 waived except such as by the terms of this policy is subject to
28 change.

29 *Waiver provisions.* No permission affecting this insurance
30 shall exist, or waiver of any provision be valid, unless
31 granted herein or expressed in writing added hereto. No
32 provision, stipulation or forfeiture shall be held to be waived
33 by any requirement or proceeding on the part of this company
34 relating to appraisal or to any examination provided for
35 herein.

1 *Cancellation of policy.* This policy shall be canceled at any
2 time at the request of the insured, in which case this company
3 shall, upon demand and surrender of this policy, refund the
4 excess of paid premium above the customary short rates for the
5 expired time. This policy may be canceled at any time by this
6 company by giving to the insured a five days' written notice
7 of cancellation with or without tender of the excess of paid
8 premium above the pro rata premium for the expired time, which
9 excess, if not tendered, shall be refunded on demand. Notice
10 of cancellation shall state that said excess premium (if not
11 tendered) will be refunded on demand.

12 *Mortgagee interests and obligations.* If loss hereunder is
13 made payable, in whole or in part, to a designated mortgagee
14 not named herein as the insured, such interest in this policy
15 may be canceled by giving to such mortgagee a ten days' written
16 notice of cancellation.

17 If the insured fails to render proof of loss such mortgagee,
18 upon notice, shall render proof of loss in the form herein
19 specified within sixty days thereafter and shall be subject
20 to the provisions hereof relating to appraisal and time of
21 payment and of bringing suit. If this company shall claim
22 that no liability existed as to the mortgagor or owner, it
23 shall, to the extent of payment of loss to the mortgagee,
24 be subrogated to all the mortgagee's rights of recovery, but
25 without impairing mortgagee's right to sue; or it may pay off
26 the mortgage debt and require an assignment thereof and of
27 the mortgage. Other provisions relating to the interests and
28 obligations of such mortgagee may be added hereto by agreement
29 in writing.

30 *Pro rata liability.* This company shall not be liable for a
31 greater proportion of any loss than the amount hereby insured
32 shall bear to the whole insurance covering the property against
33 the peril involved, whether collectible or not.

34 *Requirements in case loss occurs.* The insured shall give
35 immediate written notice to this company of any loss, protect

1 the property from further damage, forthwith separate the
2 damaged and undamaged personal property, put it in the best
3 possible order, furnish a complete inventory of the destroyed,
4 damaged and undamaged property, showing in detail quantities,
5 costs, actual cash value and amounts of loss claimed; AND
6 WITHIN SIXTY DAYS AFTER THE LOSS, UNLESS SUCH TIME IS EXTENDED
7 IN WRITING BY THIS COMPANY, THE INSURED SHALL RENDER TO THIS
8 COMPANY A PROOF OF LOSS, signed and sworn to by the insured,
9 stating the knowledge and belief of the insured as to the
10 following: The time and origin of the loss, the interest of
11 the insured and of all others in the property, the actual cash
12 value of each item thereof and the amount of loss thereto, all
13 encumbrances thereon, all other contracts of insurance, whether
14 valid or not, covering any of said property, any changes in the
15 title, use, occupation, location, possession or exposures of
16 said property since the issuing of this policy, by whom and
17 for what purpose any building herein described and the several
18 parts thereof were occupied at the time of loss and whether
19 or not it then stood on leased ground, and shall furnish a
20 copy of all the descriptions and schedules in all policies
21 and, if required, verified plans and specifications of any
22 building, fixtures or machinery destroyed or damaged. The
23 insured, as often as may be reasonably required, shall exhibit
24 to any person designated by this company all that remains of
25 any property herein described, and submit to examinations
26 under oath by any person named by this company, and subscribe
27 the same; and, as often as may be reasonably required, shall
28 produce for examination all books of account, bills, invoices
29 and other vouchers, or certified copies thereof if originals be
30 lost, at such reasonable time and place as may be designated by
31 this company or its representative, and shall permit extracts
32 and copies thereof to be made.

33 *Appraisal.* In case the insured and this company shall fail
34 to agree as to the actual cash value or the amount of loss,
35 ~~then, on the written demand of either,~~ party may make a written

1 request for an appraisal. If the insured and this company
2 both agree in writing to an appraisal, each party shall have
3 up to twenty days from the date the last party agrees to the
4 appraisal to select a competent and disinterested appraiser
5 and to notify the other party of the appraiser selected within
6 ~~twenty days of such demand.~~ The appraisers shall first select
7 a competent and disinterested umpire; and failing for fifteen
8 days to agree upon such umpire, then, on request of the insured
9 or this company, such umpire shall be selected by a judge of
10 a court of record in the state in which the property covered
11 is located. The appraisers shall then appraise the loss,
12 stating separately actual cash value and loss to each item;
13 and, failing to agree, shall submit their differences, only, to
14 the umpire. An award in writing, so itemized, of any two when
15 filed with this company shall determine the amount of actual
16 cash value and loss. Each appraiser shall be paid by the party
17 selecting the appraiser and the expenses of appraisal and
18 umpire shall be paid by the parties equally.

19 *Company's options.* It shall be optional with this company
20 to take all, or any part, of the property at the agreed or
21 appraised value, and also to repair, rebuild or replace the
22 property destroyed or damaged with other of like kind and
23 quality within a reasonable time, on giving notice of its
24 intention so to do within thirty days after the receipt of the
25 proof of loss herein required.

26 *Abandonment.* There can be no abandonment to this company of
27 any property.

28 *When loss payable.* The amount of loss for which this
29 company may be liable shall be payable sixty days after proof
30 of loss, as herein provided, is received by this company and
31 ascertainment of the loss is made either by agreement between
32 the insured and this company expressed in writing or by the
33 filing with this company of an award as herein provided.

34 *Suit.* No suit or action on this policy for the recovery of
35 any claim shall be sustainable in any court of law or equity

1 unless all the requirements of this policy shall have been
2 complied with, and unless commenced within twelve months next
3 after inception of the loss.

4 *Subrogation.* This company may require from the insured an
5 assignment of all right of recovery against any party for loss
6 to the extent that payment therefor is made by this company.

7 THIRD PAGE OF STANDARD FIRE POLICY

8 ATTACH FORM BELOW THIS LINE

9 FOURTH PAGE OF STANDARD FIRE POLICY

10 STANDARD FIRE INSURANCE POLICY

11 Expires	
12 Property	
13 Amount \$	Total
14	Premium \$
15 .	
16 Insured	

17
18 SEE INSIDE OF POLICY FOR PERILS COVERED

19 NO.

20 (Space of approximately two (2) inches for use of Agent or
21 Insurer.)

22 (Space of approximately two (2) inches for use of Agent or
23 Insurer.)

24 Sec. 2. APPLICABILITY. This Act applies January 1, 2023,
25 to fire insurance contracts issued for delivery, continued, or
26 renewed in this state, and to insured losses incurred under
27 such contracts, on or after that date.

28 EXPLANATION

29 The inclusion of this explanation does not constitute agreement with
30 the explanation's substance by the members of the general assembly.

31 This bill relates to fire insurance policies and to
32 appraisals of insured losses.

33 The bill provides that if the insured and the insurer fail to
34 agree on the actual cash value or the amount of a loss, either
35 party may make a written request for an appraisal. If both the

1 insured and the insurer agree in writing to an appraisal, each
2 shall have up to 20 days from the date the last party agrees to
3 an appraisal to select a competent and disinterested appraiser
4 and to notify the other party of the appraiser selected.

5 Under current law, upon the written demand of either the
6 insured or the insurer, both parties are required to select a
7 competent and disinterested appraiser and to notify the other
8 party of the appraiser selected within 20 days of such demand.

9 The bill applies January 1, 2023, to fire insurance policies
10 issued for delivery, continued, or renewed in this state, and
11 to insured losses incurred under such policies, on or after
12 that date.